



University of King's College

Management Discussion and Analysis (MD&A)

For the year ended March 31st, 2025

Part A - Comparison of the Financial Results for fiscal 2024/25 with fiscal 2023/24 (refer to the audited financial statements)

Statement of Operations

The audited Statement of Operations includes the revenue and expenses for all King's funds for the year ended March 31, 2025. There are three funds included in the annual Statement of Operations:

- 1) Operating fund (unrestricted and internally restricted funds)
- 2) Externally restricted fund
- 3) Capital fund

The deficiency of revenue over expenses for all funds for the year ended March 31st, 2025, was \$462,000. This represents an improvement of just over \$1.4 million from the prior year deficiency of almost \$1.9 million.

This can largely be explained by the \$1.3 million deficit in the unrestricted operating fund in the prior year compared with a surplus of \$127,000 in 2024/25. The prior year deficiency is primarily due to the payment of \$1.4 million in legal claims. In 2024/25, King's received \$300,000 in contributions towards those legal claims, bringing the net cost of the legal claims to \$1.1 million over two years. This cost was financed by the internally restricted funds.

If legal claims and contributions towards those claims are excluded from both fiscal years, the deficiency before adjustments for all funds for 2024/25 becomes \$762,000 and for 2023/24 it becomes \$465,000, a difference of \$297,000. For the unrestricted operating fund, it becomes a deficiency of \$173,000 for 2024/25 and \$145,000 for 2023/24, a difference of \$28,000.

The actual operating cash deficit for 2024/25 according to King's internal financial statements was \$949,000. King's budget must allow for the repayment of principal on long term debt as well as capital funded by operations (rather than by capital contributions or bank financing). See Part B

on the last page of this document for a reconciliation between King's internal financial statements and the audited financial statements.

Total revenue for all funds has increased by \$344,000 or 1.3% from \$25.9 million to \$26.2 million while total expenses (excluding legal fees and contributions) have increased by \$611,000 or 2.3% from \$26.6 million to \$27.2 million. The increase in fair value of non-endowment investments decreased by \$30,000, for a net higher deficiency of \$297,000 in 2024/25 over 2023/24 (excluding legal claims and contributions).

Revenue

Provincial government grant - an increase of \$172,000 or 2.0% over the prior year in accordance with the 2024/25 bilateral agreement with the Province of Nova Scotia.

Student academic fees - an increase of \$734,000 or 8.2% over the prior year which is the result higher enrolment coupled with tuition increases over the prior year, offset by lower international enrolment. As shown in the table on the following page, overall headcount exceeded the prior year by 58 students or 6.1% and surpassed 1,000 students for the first time since 2015/16. The increase in revenue is also attributable to a continued increase in the number of Dalhousie students taking journalism courses at King's (an increase of 20% over the prior year). This more than compensated for the reduction in King's journalism students. Tuition fees increased as follows:

- Undergraduate arts and science - 2%
- Bachelor of Journalism, four-year honours - 1%
- Bachelor of Journalism, one-year - 0%
- Master of Journalism - 4%
- Master of Fine Arts - 3%

International enrolment has been negatively impacted by the federal government's decision to reduce the number of study permits available to international students wishing to pursue their studies at Canadian universities in 2024/25 which has been extended for 2025/26. Enrolment is down 11 students or 31.4% from the prior year. The number of international students at King's has averaged 45 students in the 10 years preceding 2023/24.

The international tuition guarantee model was introduced by Dalhousie in 2023/24 which guarantees a fixed tuition amount each year for the duration of a student's degree (up to five years). King's also implemented this model due to the offering of joint degrees with Dalhousie. It applies to all King's students except those enrolled in the one-year Bachelor of Journalism and graduate students. The tuition guarantee amount for 2024/25 was \$33,814 for all undergraduate programs (except those noted previously). This is 6% higher than the amount for 2023/24 of \$31,900 (which was a substantial increase over the prior year as the increase was front-end loaded to allow for the tuition to be fixed over a four-to-five-year period). King's only admitted three new students in the tuition guarantee model in 2024/25 compared with two in 2023/24 when it

typically would accept between nine and 12 first-year students, which explains the year-over-year reduction in international enrolment.

International students not subject to the tuition guarantee model pay an international differential fee in addition to general domestic tuition. The international differential fee increased by 10% over the prior year.

Enrolment	(Using October 15 statistics)	2024/25	2023/24	Difference	% Change
Headcount	Full time	989	928	61	6.6%
	Part time	26	29	-3	-10.3%
	Total	1015	957	58	6.1%
	International included above	24	35	-11	-31.4%
FTE by	FYP (Foundation Year Program)	213	182	31	17.0%
	BA (Bachelor of Arts)/BM (Bachelor of Music)	485	467	18	3.9%
	BSC (Bachelor of Science)	127	122	5	4.1%
	BJH (Bachelor of Journalism Honours)	47	54	-7	-13.0%
	BJ (Bachelor of Journalism 1-year)	10	12	-2	-16.7%
	MJ (Master of Journalism)	12	15	-3	-20.0%
	MFA (Master of Fine Arts)	102	86	16	18.6%
	Total FTEs	996	938	58	6.2%
	International included above	24	35	-11	-31.4%

Tuition by program is shown in the table below. Differences are explained by fluctuations in enrolment as reflected in the table above as well as increases in tuition fees and course loads.

Program	2024/25	2023/24	Difference	% Change
Arts & Science	\$6,957,000	\$6,446,000	\$511,000	7.9%
Journalism (4-year and 1-year BJ)	1,137,000	1,051,000	\$86,000	8.2%
Master of Journalism (MJ)	103,000	103,000	\$0	0.0%
Master of Fine Arts (MFA)	954,000	780,000	\$174,000	22.3%
International Differential Fee	541,000	582,000	-\$41,000	-7.0%
Continuing Education	56,000	26,000	\$30,000	100.0%
Tuition Waivers	(88,000)	(61,000)	-\$27,000	44.3%
Total student academic fees	\$9,660,000	\$8,927,000	\$733,000	8.2%

Student residence fees – an increase of \$114,000 or 5.5% over the prior year. This includes an increase in room revenue of \$99,000 and an increase in meal plan commission of \$15,000.

Due to the housing shortage experienced in the HRM over the last few years, the residence team converted several larger single rooms into temporary double rooms to allow for increased occupancy. As shown in the table on the following page, King's had the capacity to accommodate 271 students in residence in 2024/25 compared with 269 in the prior year. Residence revenue is higher than the prior year due to seven more beds occupied on move-in day, the equivalent of three and a half fewer withdrawals from residence during the year, and a 3% increase in residence room rates (with the exception of Cochran Bay which was held flat due to needed upgrades).

With additional students in residence, there were additional meal plans sold as shown in the table on the following page. Meal plan fees increased by 5.6% over the prior year. King's earned the maximum commission on meal plans sold of 14% (on 260+ meal plans).

Residence Occupancy	2024/25	2023/24	Difference	% Change
Total beds (excluding deans, dons)*	268.0	264.0	4.0	1.5%
Beds converted to junior don suites	(3.0)	(3.0)	-	0.0%
Temporary beds created	6.0	8.0	(2.0)	-25.0%
Beds available	271.0	269.0	2.0	0.7%
Beds vacant on move-in day	-	(5.0)	5.0	100.0%
Beds occupied on move-in day	271.0	264.0	7.0	2.7%
Withdrawals (full fall, half winter)**	(7.0)	(10.5)	3.5	-33.3%
Total beds occupied (financial)	264.0	253.5	10.5	4.1%
Total beds occupied end of academic year	260.0	249.0	11.0	4.4%
Occupancy rate as % of available beds (excl withdrawals)	100.0%	98.1%	1.9%	
Occupancy rate as % of total beds (incl withdrawals)	95.9%	92.6%	3.6%	

* Two single rooms in Radical Bay and in Chapel Bay were permanently converted into two double rooms creating four more permanent beds in 2024/25.

**2024/25 includes 3 fall withdrawals and 8 winter (half) withdrawals.
2023/24 includes 6 fall withdrawals and 9 winter (half) withdrawals.

Meal Plans	2024/25	2023/24	Difference	% Change
7-Day All Day Dining	174	152	22	14%
5-Day All Day Dining	2	2	0	0%
Meal Plan 14 (including 12 dons/jr dons)	81	90	-9	-10%
Meal Plan 10	27	30	-3	-10%
Total	284	274	10	4%

Student ancillary fees – an increase of \$47,000 or 4.0% over the prior year. Regular ancillary fees increased by \$147,000 over the prior year because of higher enrolment and fee increases of 2% (except for the MFA mentor fee which was 2.8%). This was offset by study abroad fees of \$100,000 in the prior year. The study abroad course occurs every second year and is next slated for 2025/26.

Sale of goods and services – a decrease of \$192,000 or 21.3% from the prior year primarily due to lower Conference Services revenue. In the prior year, Conference Services hosted athletes with the North American Indigenous Games (NAIG) as well as the Scottish Country Dance Teachers' Association (Canada) (TAC) which generated \$150,000 in Conference Services revenue. A room rate comparison between King's and other HRM universities for 2024/25 revealed that King's rates were higher indicating we may have priced ourselves out of the market. Rates have since been adjusted ahead of the 2025/26 conference services season.

Gifts - a decrease of \$323,000 or 29.9% from the prior year. This is primarily due to a generous one-time unrestricted gift of \$200,000 received in the prior year. With a major gifts campaign underway, donors may have chosen to support that initiative rather than the annual giving campaign.

Universities Studying Slavery conference (USS) – King's co-hosted the USS conference in the prior year which generated revenue of \$218,000 and expenses of \$255,000.

Expenses

Salaries and benefits – an increase of \$325,000 or 2.5% over the prior year due to annual salary increases for faculty and staff, new positions, and increased student employment costs due to an increase in the minimum wage rate, offset by vacancies.

King's faculty are paid in accordance with the DFA (Dalhousie Faculty Association) salary scale. The negotiated DFA collective agreement included a cost-of-living increase of 2.5% and comparability adjustments on both July 1, 2024 and July 1, 2023. Similarly, the UKCTA (University of King's College Teachers' Association) collective agreement, representing the Faculty and Senior Fellows in the Humanities (i.e., tutors in the Foundation Year Program), included a cost-of-living increase of 2.5% on both July 1, 2024 and July 1, 2023. Staff received a 2% cost-of-living increase in both years. In addition to a cost-of-living increase, all faculty and staff, who are not at the top of their respective salary scale, receive a step increase as they progress through the ranks.

In terms of recruitment, the recruitment and enrolment implementation plan included the hiring of a Chief Enrolment and Student Life Officer (July 2024) and two senior recruiters who were hired in late 2023/24. There were several temporary vacancies created in the Enrolment and Student Life Office as a result of office restructuring and internal promotions. King's hired its fifth faculty diversity position on July 1, 2024 in HOST/FYP.

Academic – an increase of \$378,000 or 4.9% over the prior year. Salaries increased by \$205,000 and operating expenses increased by \$173,000. With respect to operating expenses, the two-year MFA in Fiction stream welcomed its first students in 2023/24. Additional costs of \$117,000 were incurred in 2024/25 with the addition of the second-year cohort, \$83,000 of which relates to higher mentor fees which are covered by mentor fee revenue.

Allotment to Dalhousie – an increase of \$367,000 or 9.2% over the prior year. Dalhousie taught a net higher number of King's students in 2024/25 of 19 and the cost per student was 5.1% higher than in the prior year.

Athletics - a decrease of \$124,000 or 13.3% from the prior year. 2023/24 was a monumental year with five teams going to Nationals resulting in higher than normal travel costs due to national and regional travel.

Enrolment and student life office - Registrar, recruitment, and marketing - an increase of \$139,000 or 9.0% over the prior year. The Board of Governors approved the recruitment and enrolment implementation plan in December 2023. The increase in 2024/25 relates to additional marketing and recruitment costs in accordance with the plan. A marketing agency of record was selected in late 2023/24.

General college administration – a decrease of \$180,000 or 25.3% from the prior year. Of this reduction, \$139,000 relates to lower professional fees. In the prior year, funds were expended to establish a US charitable foundation, for legal fees in relation to the legal claims associated with the actions of the late Dr. Wayne Hankey, and for executive search fees associated with the new

Chief Enrolment and Student Life Officer. King's received a \$75,000 voucher from Microsoft for software purchased dating back to June 30, 2022. So far, King's has received \$30,000 to refund the cost of Microsoft 365 licenses for the previous three years. The remaining \$45,000 will be applied against the cost of these licenses in future years (up to June 30, 2028).

USS conference – refer to USS conference under the revenue section for an explanation.

Spending from internally restricted funds – decreased by \$2.2 million from the prior year. In 2024/25, \$152,000 was expended from the internally restricted funds under the Framework for Strategic Investments from the Internally Restricted Funds and \$72,000 was expended on Indigenous initiatives for a total of \$224,000. The \$300,000 in contributions received for legal claims were reinvested back into the internally restricted funds for a net negative amount of \$76,000 spent from the internally restricted funds in 2024/25. In 2023/24, \$1.4 million was expended for legal claims, \$300,000 was applied from the Bicentennial Fund against the cost of scholarships and bursaries, \$212,000 was expended under the Framework for Strategic Investments, \$149,000 on Indigenous initiatives, and \$27,000 on costs related to the Enhanced Voluntary Retirement Program (EVRP) for a total of \$2.1 million spent in 2023/24. While these expenditures are funded outside the operating budget, they are reflected in the actual expenditures of the unrestricted operating fund.

Statements of Financial Position and Cash Flows

Cash flow – an increase of \$93,000 or 8.6% over the prior year. The Statement of Cash Flows provides a detailed reconciliation of the net increase in cash of \$93,000. It is attributable to a variety of factors including the excess of expenses over revenue, changes in non-cash working capital, principal payments on debt, the purchase of capital assets, and other investing and financing activities.

Working capital deficit – an increase of \$1 million or 27.7% over the prior year from \$3.7 million to \$4.7 million. This is largely due to an increase in accounts payable and accrued liabilities of \$1.1 million. The increase in accounts payable is largely attributable to a higher amount owing to Dalhousie for teaching King's students of \$273,000, architecture fees owing for the Southeast Corner (SEC) project of \$244,000, and an increase in externally restricted funds of \$440,000 to be used for athletics nationals travel, athletics scholarships, and library contract positions.

Investment assets – an increase of \$7.0 million or 15.0% over the prior year from \$46.5 million to \$53.5 million. The increase is due to unrealized investment gains (i.e., market value) of \$1.6 million, investment income of \$2.9 million, donations of \$3.5 million, higher cash of \$429,000, and realized gains of \$914,000 on the transfer of the Sobey Family endowment to King's investment manager from the former manager, offset by \$2.4 million in draws (including \$2.2 million for the annual draw, \$224,000 for expenditures under the Framework for Strategic Investments and

Indigenous initiatives, and \$280,000 to cover the 2023/24 deficit, offset by the return of \$300,000 for legal claims).

Capital assets – a decrease of \$145,000 or 0.6% from the prior year from \$25.6 million to \$25.5 million. This relates to capital asset additions of \$1.1 million offset by amortization of \$1.2 million. Capital asset additions included two projects in the gymnasium (an accessibility project and a project to refinish the gym floors, replace the bleachers, and install new basketball hoops and backboards) and the final phase of dormers on Alexandra Hall. Additionally, architecture fees related to the pre-design phase of the Southeast Corner project were capitalized to work in progress.

Long-term debt (including current portion) – a decrease of \$689,000 or 5.9% from the prior year from \$11.6 million to \$10.9 million. The decrease relates to the scheduled principal repayments on existing long-term debt.

Due to University of King's College Alumni Association – an increase of \$127,000 or 17.1% over the prior year from \$740,000 to \$867,000. In 2023/24, King's and the King's Alumni Association signed an investment management agreement whereby the endowment assets of the Alumni Association would be transferred to King's investment manager for management by King's manager and oversight by King's Investment Committee. These assets represent \$867,000 of the investment value in the Statement of Financial Position. Refer to Investment assets on the previous page. These assets continue to be owned by the Alumni Association. The change over the prior year relates to unrealized investment gains, donations, and investment income, offset by draws, and investment management fees.

Deferred capital contributions – an increase of \$411,000 or 4.3% over the prior year from \$9.6 million to \$10.0 million. Capital contributions received this year totaled \$833,000. These contributions were offset by the amortization of deferred capital contributions of \$422,000. Of the \$833,000 received in 2024/25, \$650,000 was the remaining portion of a \$1 million gift for the pre-design phase for the Southeast Corner (SEC) project. The southeast corner project envisions the redevelopment of the southeast corner of campus where the gym is currently located into a state-of-the-art multi-use facility that will include a new gymnasium, a new home for the School of Journalism, Writing & Publishing as well as student support spaces, and student residences.

Investing activities in the Statement of Cash Flows reflect the purchase and disposal of investments by King's investment manager as well as the purchase of capital assets (described earlier).

Financing activities in the Statement of Cash Flows reflect donations received for the endowment fund, contributions related to capital assets, income earned on the investment portfolio (net of the 4.75% draw and management fees), and proceeds from new borrowings, offset by principal repayments on long-term debt. In the current year, King's received capital contributions of \$833,000 and made \$689,000 in debt repayments, both of which are described above. King's received \$3.3 million more in endowment donations compared to the prior year. This is thanks to

a \$1.0 million gift from the Joyce Family Foundation for student bursaries and \$2.25 million (of a \$3.5 million commitment) from AMS Healthcare and the J&W Murphy Foundation to create the Roper-Hannah Chair in the History of Healthcare and Health Equity. The investment portfolio generated \$1.5 million more income in 2024/25 than in the prior year.

Part B – Reconciliation of Internal Financial Statements to Audited Financial Statements

Operating cash deficit per internal financial statements*	\$ (949,000)
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Add/deduct:

Principal repayments on long-term debt	689,000
Capital assets purchased through operations	311,000
Use of internally restricted funds**	76,000

Unrestricted operating fund deficit per audited financial statements	127,000
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Restricted funds:

Capital fund	(781,000)
Internally restricted operating fund	187,000
Externally restricted fund	5,000

Deficit per audited financial statements (all funds)	\$ (462,000)
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* The annual King's operating budget is prepared on a cash basis while the audited financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. Because some items are treated differently in these two formats, this shows where those differences are recorded and reconciles the two.

**Consisting of \$152,000 for Framework for Strategic Investments and \$72,000 for Indigenous initiatives minus \$300,000 returned to the internally restricted funds related to contributions received from Dalhousie and the Diocese of Nova Scotia and PEI towards the \$1.4 million in legal claims paid in fiscal year 2023/24.